MR. WELLS'S REPORT.

# SPEECH

OF

# HON. WILLIAM D. KELLEY,

## OF PENNSYLVANIA,

DELIVERED

## IN THE HOUSE OF REPRESENTATIVES,

**JANUARY 11, 1870.**

---

WASHINGTON:
F. & J. RIVES & GEO. A. BAILEY,
REPORTERS AND PRINTERS OF THE DEBATES OF CONGRESS.
1870.

Digitized by the Internet Archive
in 2019 with funding from
University of Illinois Urbana-Champaign

https://archive.org/details/mrwellsreport00kell

336.73
H.m 358 v. 1-2.
Law Library

# MR. WELLS'S REPORT.

---

The House being in the Committee of the Whole on the state of the Union—

Mr. KELLEY said:

Mr. CHAIRMAN: I have more than once endeavored to impress upon Congress the fact that fire is the material force or nervous power, and iron and steel the muscles of our more modern civilization. The trip-hammer, with its wonderful power and more wonderful precision and delicacy of stroke, has supplanted the sledge-hammer, and circular and gang-saws do in a day the work at which the hand-saw labored for months. Machine tools, such as lathes, drills, planers, and shaping machines, impelled like the trip-hammer and the saws of which I have spoken by the unwearying steam engine, itself a mere embodiment of coal and iron ore, increase the perfection and amount of the artisan's product and relieve him of the exhausting toil which shortened the life of his father and made him prematurely old.

Nations, too, are subject to these new conditions. However free their institutions may be, a people who cannot supply their own demand for iron and steel, but purchase it from foreigners beyond seas, are not independent; nor is their dependence merely commercial; they are politically dependent; and if the nation on which they depend for these essential elements of modern warfare be arrogant and treacherous, as England proved herself during our late civil war, they must endure contumely and outrage with unresisting humility. Commerce and war both demand iron ships; we tell the weight of our guns, whether of steel or iron, by the ton, and that of our steel-pointed shot by the hundred weight; and while we depend upon her for the material of which to construct ships, guns, and shot, the statesmen of England know they can trifle with and postpone the settlement of the Alabama claims. Able as we were to crush with irresistible power a gigantic rebellion, they know that until we shall have furnaces, forges, rolling-mills, machine-shops, and skilled artisans enough to produce and fashion a supply of iron and steel sufficient for our wants in peace and war, we cannot engage in war with England because we depend on her for these primary essentials to successful modern warfare.

I am impelled to renew these suggestions by the report of David A. Wells, esq., Special Commissioner of Revenue, which abounds in propositions inimical to the best interests of the country, and which if adopted by Congress will compel us to occupy a subordinate position among nations, though our population may equal that of all Europe, as our territory already does that of the whole family of European Powers. As I read page after page of this extraordinary paper I became more earnestly anxious to detect the full force of its suggestions, and, if possible, to divine the motive or spirit that prompted them. As an expression of the opinions of Mr. Wells this paper can do but little harm, but its circulation in Europe under the sanction of Congress will impair our credit and arrest the tide of emigration now flowing in upon us in unprecedented volume. It is in the nature of a notice to the capitalists of Europe that as a people, notwithstanding the amazing expansion of our country, we are tending toward bankruptcy; and to the oppressed laborers of other lands, that our working people are becoming not only relatively but absolutely poorer from year to year, and that this is therefore not the country to which poor but aspiring men should emigrate. It demonstrates to the satisfaction of Mr. Wells's admirers and clients that though our wealth increased during the last decade one hundred and twentysix per cent., its utmost increase during this decade can be but sixty-five and eight hundredths per cent.; and that instead of the census of 1870 showing, as it is universally conceded it will, largely over forty-three thousand million dollars, that the grand total can by no possibility be over $23,400,000,000.

Time will not permit me to point out the fallacies in this portion of his report, as I would gladly do; and I proceed at once to invite the attention of the committee to points which seem to require more special animadversion. But,

before turning to these, let me request gentlemen from Massachusetts, Ohio, Indiana, and New York, if they have not already done so, to turn to pages 24 *et seq.*, and learn how rapidly their respective States are sinking into poverty, and how much poorer their people are *per capita* than they were in 1860. The suggestion will doubtless surprise them; yet so cunningly does Mr. Wells present it that foreigners who are not familiar with the truth so patent to every observer will be deceived by it and feel they had better—

"Bear those ills they have,
Than fly to others that they know not of."

One of the processes by which Mr. Wells sustains his theory, though not wanting in ingenuity, is very simple. It is to assume that everything is now worth from thirty-five to thirty-nine per cent. less than it was at the time with which he proposes his comparison. We know that wheat and flour and every variety of cotton and woolen goods are cheaper now than they were in 1860. But Mr. Wells's theory is, that as there is a difference in the market value of gold and greenbacks, commodities of domestic production ought to be dearer; and applying this theory to such facts as he sees fit to present, he assumes that they are, and so establishes the melancholy warning to all persons proposing to emigrate that this is not the country to which they should come. No demonstration of the falsity of his theory or of its absurdity induces him to halt, but in spite of these he presses onward and applies it in every case. When examining his last annual report I confronted him with the large accumulation of deposits in the savings-banks as evidence that the workingmen of the country were not then, as he asserted, "growing poorer, while the rich were growing richer," and, after a year's reflection, he answers my array of facts in this wise:

"Again, the returns of savings-banks are often referred to as showing a highly prosperous condition of the masses. Properly considered, however, they indicate a very different state of things. Thus, the first and almost the only fact which attracts the attention of a mere superficial observer in examining these statistics is a large apparent increase in deposits from 1860 to 1868 or 1869. But an intelligent examination will at once show that a very great part of the apparent accumulation referred to is mere inflation. For example, let us take the case of Massachusetts, where the conditions for increase would seem to be most favorable:

| | |
|---|---|
| In 1860 the savings-banks deposits in this State were, in round numbers | $45,000,000 |
| In January, 1869, in currency, $95,000,000, or in gold, at 133 | 71,000,000 |
| Increase in eight years | $26,000,000 |

or $6,000,000 less than the aggregate deposits of 1860 would have amounted to in the same time at a compound interest of seven per cent.; or in other words, the deposits of 1860 were not made good in 1869, without reference to the increase of population, even if we reckon only their natural increase at compound interest. It is evident, therefore, that some cause has eaten into the accumulation which existed eight years previously, and has occasioned the withdrawal of a portion of that accumulation."

If this statement be fair the deposits in the savings-banks of the country fluctuated fearfully on the 24th of September last, when gold ranged from 123 to 165 in an hour, and such of the depositors as were in that end of the New York gold-room where it was selling at 135 were vastly richer than those who were at the same moment in the other end at which Albert Spires was buying it for 160. A story told in connection with Mr. Spires's operations on that occasion seems to me to illustrate the value of Mr. Well's theory. It is said that a young man without capital who had found his way to membership of the gold exchange, but had been bankrupted even of credit by the operations of the preceding day or two, stood near Mr. Spires, and as that gentleman cried "One sixty for one million," tapped him on the shoulder and said, "Taken." "Same price for two millions more," cried Spires. "Taken," said the young bankrupt; and so until Spires had bid, and he taken his bids for $13,000,000. They then separated, and the young bankrupt drawing aside, with a pencil upon the back of a letter calculated his profits, and turning to a friend triumphantly exclaimed, "I have just made $750,000 out of old Spires." "Why," said a by-stander, "you do not expect to get any of it, do you?" "No; certainly not," said he, "but, blast him, I thought I would give him gold enough." This operation between a lunatic and a bankrupt, neither of whom owned a dollar of gold, and by which neither forfeited a cent, had about as much relation to their fortunes as the market price of gold has upon the price of domestic commodities, or deposits in the banks to which Mr. Wells applies it.

In further proof of its absurdity I invite attention to the fact that if his theory be correct the depositors in the savings-banks of Massachusetts have since the preparation of his report, by no effort of their own, without increase of industry or unusual economy on their part, but by his magic power, acquired more than $9,000,000, as gold is now not at 133 but at 120; and that they will, if they do not make haste and withdraw their deposits, and we go on as we have gone for the last two or three months under the financial management of Grant and Boutwell, soon make $15,000,000 more in the same easy, and, I fear, unhallowed way; for when gold comes to par even Mr. Wells, with all his ingenious effrontery, will not deny that having been able to maintain a deposit of but $45,000,000 in 1860, they have in eight years become able to maintain one of $95,000,000, which amount they will be able to draw in gold or redeemable currency, though they deposited greenbacks when gold was at more than 200. Before parting with this subject I beg leave to inform the committee and Commissioner Wells that at the close of 1869 the aggregate deposits at rest in the savings-banks of Massachusetts were not as he states $95,000,000, but $112,000,000, showing that the laboring people of that State, who he says are eating up their former savings so rapidly, have added $17,000,000 to their interest bearing investment in the last year.

The prominent characteristics of Mr. Wells's report are audacity and advocacy of the interests of England and her American colonies. That

it is ingenious and plausible cannot be denied; but that it is so does not in my judgment furnish proof of the Commissioner's ability or evidence of his possession of well-grounded convictions on industrial questions. Indeed, the fact that many of the suggestions which are most earnestly pressed contravene those embodied in his former reports, and his avowal that in offering them "he has placed himself in antagonism to many with whom he was formerly in close agreement," afford ample ground for doubt on both points.

"Remember, gentlemen," said the experienced merchant who now so ably fills the office of collector of the port of New York, when conferring with the Committee of Ways and Means, "that the legal ability of England and the continent is constantly retained by foreign manufacturers to indicate the means by which your tariffs may be evaded." Mr. Wells visited our transatlantic rivals in his official capacity, and while among them doubtless availed himself of the ability of their large array of able and well-paid counsel. Whether he also was retained is for the present the subject of conjecture. But that he enforces as "opinions and recommendations which have been forced upon him by conviction" the wishes of the English manufacturers there is abundant evidence in the report, as I propose to show.

The most audacious of Mr. Wells's assertions, and one that pervades the whole report, is that customs duties are always a tax on the consumer, increasing the price of the imported article on which they are levied and enabling the home producer to realize undue profits by keeping production steadily below the current demand for the commodity he produces. Were Mr. Wells a tyro, and this report his first publication, charity would deem this a blunder and ascribe it to ignorance; but he is a man of large experience, and has written much, and reference to any of the publications which led to his appointment to the commissionership, or to his preceding reports, will convict him of basing this official paper on a principle the falsity of which he has time and again abundantly established. His bad faith in this is proven, I think, by a single extract from his report made December, 1867, in which, speaking of the higher duties he then advised Congress to put on steel, he said:

"On steel much higher rates of duty than those recommended upon iron are submitted. Although these rates seem much higher, and are protested against by not a few American consumers of steel, yet the evidence presented to the Commissioner tends to establish the fact that if any less are granted the development of a most important and desirable branch of domestic industry will, owing to the present currency derangement and the high price and scarcity of skilled labor, be arrested, if not entirely prostrated. This is claimed to be more especially true in regard to steel of the higher grades or qualities. It is also represented to the Commissioner that since the introduction of the manufacture of these grades of steel in the United States, or since 1859, the price of foreign steel of similar qualities has been very considerably reduced through the effect of the American competition, and that the whole country in this way has gained more than sufficient to counterbalance the tax levied as a protection for the American steel manufacture, which has grown up under its influence."

Mr. Wells can dispute none of the facts asserted in the foregoing extract, which prove that prior to the close of 1867 highly protective duties on steel had not been a tax on but a boon to the consumer; so great a boon, indeed, that by enlarging the supply and increasing competition they had so far reduced the price of steel that, to quote his words again, "the whole country in this way has gained more than sufficient to counterbalance the tax levied as a protection for the American steel manufacture, which has grown up under its influence."

You, Mr. Chairman, and many of our colaborers on this floor, are interested in the extension and improvement of our magnificent railroad system, and I propose to illustrate the treachery of the Commissioner by briefly referring to the effect of high productive duties on Bessemer steel rails. In 1864 there was no establishment in the United States for the manufacture of such rails. The lowest price at which an American company could buy them in England was $150 per ton cash, gold, including freight to New York or Philadelphia. No English maker would sell them at less. Agents of the Pennsylvania Central, and Philadelphia, Wilmington, and Baltimore roads went abroad and canvassed the market, and having been assured that such rails could not be produced and sold at a living profit for a lower price than this, purchased a small quantity for each company. The duty was then, as now, an *ad valorem* duty of forty-five per cent., which at that price was equivalent to about three cents per pound. Gold was then above 200, and each ton of rails had cost when on the wharf in Philadelphia $390, currency. Our country abounds in the materials from which to make not only Bessemer rails, but every quality of steel, and the wages paid to American workmen are high enough to tempt skilled workmen from England and Germany.

In view of these facts several enterprising railroad men determined to establish Bessemer rail works. This was not to be done in a day. It required the selection of a judicious site, the erection of extensive buildings, the construction of a large amount of machinery, which consumed considerably more than a year. During all this time the price of English rails remained at $150 cash, gold, per ton delivered on the wharf in America. But at length the Freedom Works, at Harrisburg, Pennsylvania, so called in commemoration of our partial enfranchisement from the grasp of foreign monopolists, were ready to take orders, and another establishment for their production was erecting at Troy, New York, when lo! the same English manufacturers, who had been unable to sell at less than $150 per ton, canvassed our market to find buyers at $130. What wrought this great change? Had the Commissioner's English friends been making profits off our railroad companies greater than he ascribes to our producers of salt, pig-iron, lumber, and other things essential to national independence; or were they willing to sacrifice the profit on a small part of their annual product in order to

crush an infant rival whose development they feared? Be this as it may, in less than four years competition has brought the price of Bessemer rails down so rapidly that orders are now taken in England at eleven pounds sterling, or about fifty-five dollars, deliverable at Liverpool or Hull. Meanwhile the mills for their production at Troy, New York, and others at Chester, Pennsylvania, Cleveland, Ohio, and Detroit, Michigan, have been completed; and the plans have been adopted for others at Mott Haven, New York; Pittsburg, Johnstown, and Bethlehem, Pennsylvania; Baltimore, Cincinnati, and St. Louis; but their construction awaits and is dependent on the action of Congress on the tariff. These facts are known to Mr. Wells, yet he endeavors to persuade the country that a protective duty is always a tax on the consumer, and labors to induce Congress to reduce a duty which was at the rate of three cents to one and a half cent per pound; a change which he well knows would close all our Bessemer rail works and restore to his English friends the monopoly of our market. What can have brought him to such a conclusion? What is to be his reward for such a consummation?

If gentlemen will turn to page 125 of the report they will find a schedule presenting a classification of steel, and proposed rates of duty on each class. It purports to be Mr. Wells's own suggestion, and is submitted with all the emphasis that the abundant resort to italics can give. I hope gentlemen will examine it, for I think that with its private history it furnishes a clew to his change of views on the question as to whether a protective duty that develops a great industry is a tax, and his Saul-like conversion on the steel question. For nearly a quarter of a century our duties on cast-steel have been assessed upon the value of the commodity, or *ad valorem;* and recent investigations by an agent of the Government has shown that throughout the whole of the period the steel-makers of Sheffield, by refusing to sell directly to American purchasers and consigning their goods to their agents in this country for sale, by which cunning arrangement they could successfully practice a system of undervaluation, have been defrauding the Government of a large portion of its dues.

The Sheffield steel-makers are men of wealth and social position, and this discovery of their long-continued and systematic fraud upon our Government has not been a pleasant thing for them. The charge is distasteful to them. A combination to cheat and defraud has an ugly sound. They squirm under it and admit that steel has been invoiced to the United States at lower rates than those at which they sell in England or to the people of the Continent, but assert that, low as the invoice prices are, they are the prices at which they sell in this country. Good, kind-hearted, benevolent people! How they do love the Yankees! To be willing to sell them their wares cheaper than they will to their own countrymen or to any of the people of Europe! Have they any reason for doing so, or do they pretend to have any? Yes; they are not without a show of reason. They say—and their letters are on file in the Treasury Department, and their agents have appeared there to enforce the statement—that our market is essential to the maintenance of their works, and that such is the competition they encounter from our steel-makers that they are forced to sell to us at lower rates than they do to the English or any other people. In a letter to our consul at that city, dated July 10, 1869, Thomas Firth & Son, of Sheffield, say:

"We have a very large steel trade in America, amounting to a large proportion of our whole business, and in that market there is from various circumstances much competition; and these two causes—large trade and competition combined—have induced us to be satisfied with a smaller average profit there than we have realized on the average in our other markets."

Mr. Wells has seen the report of Mr. Farwell, the Treasury agent referred to, and has examined, or ought to have examined, all the papers in this controversy, and might have cited them as proof of his assertion that the reduction in the price of steel has more than compensated the American people for all the duty paid on that article since the establishment of our first successful steel works in 1859. But I have been led into a digression.

I had said that the discovery of their systematic frauds was not a pleasant thing to the English steel-makers, and was proceeding to say that foreseeing it would probably lead to the abandonment of *ad valorem* and the levying of specific duties on steel they have overwhelmed the Secretary of the Treasury and other official personages with unsolicited, and, of course, disinterested advice. That we should not suffer for want of their experience, the draft of a bill providing a scale of duties on steel was prepared, as I am informed and verily believe, by or in consultation with a member of one of the leading firms of steel-makers of Sheffield, and sent over to a gentleman specially connected with legislation on financial subjects. I have examined the original draft as it came from Sheffield, and have a copy of it before me. It is a proposition by the vulture to protect the dove. It is plausible in its minute classification. It would, had it been honestly named, have been entitled a bill to prohibit the manufacture of steel in the United States. It is, however, entitled "A bill to amend an act entitled 'An act to increase duties on imports, and for other purposes,'" approved June 30, 1864." It furnished Mr. Wells his schedule; and that gentlemen may see how completely he has adopted it, how entirely his views on this important subject are in accord with those of the steel monopolists of England, whose interest it is to hold us in commercial and maritime dependence, I will ask the reporters to put the two schedules in parallel columns. It is, perhaps, due to Mr. Wells, in this connection, that I should mention the fact that he so far exercised his own judgment in making this recommendation as to modify two or three unimportant rates and to change the order from that in which the items stand in the bill; and that to make the comparison easy for the read-

ers of the Globe, I have arranged them in the order chosen by Mr. Wells:

| *Wells's schedule.* | *Sheffield bill.* |
|---|---|
| On scrap steel, ¼ cent per pound. | On scrap steel, ¼ cent per pound. |
| On blister steel in bars broken up for melting, 1½ cents per pound. | On blister steel in bars broken up for melting, 1½ cents per pound. |
| On German steel in bars, 2 cents per pound. | On German steel in bars, 2 cents per pound. |
| On shear steel in bars, 2½ cents per pound. | On shear steel in bars, 2½ cents per pound. |
| On cast-steel ingots and on all rough and unfinished castings in steel, 1 cent per pound. | On cast-steel ingots, 1 cent per pound. |
| On castings in steel, drilled, bored, or *hammered cold*, 1¼ cents per pound. | On castings in steel with holes drilled or bored, hammered or turned or planed in parts, but *in no case hammered or worked hot*, 1¼ cents per pound. |
| On cast-steel in bars, 2½ cents per pound. | On cast-steel in bars, 2½ cents per pound. |
| On cast or German steel in plates to 16 wire gauge, inclusive, 2 cents per pound; from 17 to 24, 2½ cents per pound; above 24, 3 cents per pound. | On cast or German steel in sheets or plates to No. 23 wire gauge, 2½ cents per pound. |
| On cast or German steel in form of wire and sheets which are drawn or rolled cold to 16 wire gauge, 3 cents per pound. | On cast or German steel in form of wire or strips which are drawn or rolled cold to 16 wire gauge, 3 cents per pound. |
| Thinner than 16 wire gauge, 3½ cents per pound. | When drawn or rolled smaller than 16 wire gauge, 3½ cents per pound. |
| On cast-steel tires for rolling-stock for railroads, 2 cents per pound. | On cast-steel tires for rolling-stock for railroads, 2 cents per pound. |
| On cast-steel straight axles, shafts, piston-rods, and general forgings to pattern, 1 cent per pound. | On cast-steel straight-axles, piston, connecting and coupling-rods, crank-pins, slide-bars, and general forgings to pattern only, 1¼ cents per pound. |
| Do. do. rough-turned, 1½ cents per pound. | If forged to shape and rough-turned or planed, 1½ cents per pound. |
| Do. do. finished ready for use, 2 cents per pound. | If finished ready for use, 2 cents per pound. |
| On cast-steel crank axles forged to shape, only 1¼ cents per pound. | On cast-steel crank-shafts, if forged to shape only, 1¼ cents per pound. |
| On cast-steel crank axles, forged to shape, rough-turned, planed, and slotted, 1½ cents per pound. | On cast-steel crank shafts, if forged to shape, rough-turned, planed, and slotted, 1½ cents per pound. |
| Do. do. finished ready for use, 2 cents per pound. | On cast-steel crank shafts, if forged to shape, finished ready for use, 2½ cents per pound. |
| On cast-steel rails, 1½ cents per pound. | On cast-steel rails, 1 cent per pound. |
| On steel not otherwise provided for, 2 cents per pound. | On steel or manufactures of steel, not otherwise provided for, 2½ cents per pound. |

It will be observed that the foregoing schedules are, as I intimated, not absolutely identical, but they are so nearly so as to prevent Mr. Wells from denying that they sprang from the same brain and pleading the possibility of coincidence—I do not say the probability, but the possibility of coincidence—on so many points of rate and general and technical phraseology. And it will be further noticed that where the slightest departure in rate occurs in any one item, as is the case in two or three unimportant instances, it is immediately compensated for in the next item by a corresponding change the other way. Thus, Mr. Wells is more generous to his countrymen in the matter of Bessemer rails than their Sheffield rival would be. He proposes to kill them instantly by putting the rate at one cent a pound; while Mr. Wells is willing to give them breathing time in which to put their houses in order by letting them die slowly at one and a half cent. And in the next item the Englishman proves the more generous; for he proposes two and a half cents on all steel and manufactures of steel not provided for, and Mr. Wells would crush his countrymen instantly by making the duty on those articles but two cents.

I cannot leave this branch of the subject without saying that I believe gentlemen generally who compare these schedules will agree with me in thinking that Mr. Wells's Sheffield employers have treated him badly, scurvily. Having induced him to father their project, so prejudicial to his country and so destructive to the business of many of his countrymen, they violated faith with him when they made their paternity of the scheme known by sending a copy of the bill to official quarters in this country in advance of the publication of his report.

PIG-IRON.

With all the zeal of a new convert or counsel laboring to secure a contingent fee, Mr. Wells applies his assumption that a protective duty is necessarily a tax on the consumer to pig-iron, and by the plausibility of his argument would make innocent and inexperienced people believe that he really hoped to secure cheap pig-iron by reducing the duty on that article from nine dollars a ton to three dollars. Could he close our steel works, as the acceptance of the Sheffield schedule recommended by him would do in three months, and arrest the progress we are making in the increased production of pig-iron, he would do more to retard the progress of his country toward commercial prosperity and national supremacy than Davis, Lee, and all the heads of the rebellion accomplished. I cannot conceive the single cause that would do more to depress and impoverish our people and retard the growth of our country than the sudden prostration of these great interests at a time when the English or continental manufacturer will purchase none of our grain for which he has to pay a penny in advance of the price for which he can buy from the peasants of Austria and Russia.

But this recommendation with reference to pig-iron is consistent with the rest of the report, throughout which the desire is manifest to make the United States as commercially dependent on and tributary to England as though they were still part of her North American colonies. He cites pig-iron, coal, salt, and lumber as illustrations of a class of cases where excessive and unnecessary duties have been imposed and maintained "*with a view of enhancing the cost of articles indispensable to many other branches of production*"; and elsewhere says that the only reply offered to his assaults upon this great and essential interest "is that a continuance of the present duty on pig-iron is necessary to insure employment to American labor."

I pause to notice his assertion, that Con-

gress in the midst of a great war imposed unnecessary exactions in order to increase the cost of an article so essential as iron to the life of the nation, simply to remark that such an intimation is worthy the man who can sap and mine the great interests of his country as Commissioner Wells is doing. The present duty on pig-iron was imposed for two purposes, both of which were patriotic. The first was to raise additional revenue, and the other to stimulate the conversion of ore, coal, and limestone, of which in almost every part of the country we have inexhaustible supplies, into a material the increased production of which was a prerequisite to the general extension of our industries and the maintenance of the dignity and rights of the nation, which were then being violated by the armed cruisers of the country to which we looked for a supply of pig-iron and Bessemer rails. And, sir, I am happy in being able to show that it has accomplished both these objects, and that if permitted to stand for five years it will, while contributing largely to the reduction of our debt, insure us not only a home supply of pig-iron, but such ample means of producing it as will enable us to enter the markets of the world in competition with England.

What has it done as a revenue measure? During the year that ended on the 30th of June, 1868, we derived from this duty $1,011,109 96; in the succeding year, closing on the 30th of June, 1869, $1,199,762 55; and in the current fiscal year will give us a still larger income, without in the slightest degree impairing the revenue derived from our consumption of foreign iron in more advanced condition. This is shown by the following statement of the quantities of the various kinds of iron and steel exported from Great Britain to the United States during the ten months ending October 31, of the years 1868–69, in tons of 2,000 pounds:

| | 1868. | 1869. |
|---|---|---|
| Iron, pig and puddled | 84,564 | 132,491 |
| Iron, bar, angle, bolt, and rod | 38,200 | 51,738 |
| Iron, railroad, of all sorts | 255,462 | 294,368 |
| Iron castings | 1,213 | 1,677 |
| Iron hoops, sheets, and boiler plates, | 15,999 | 31,292 |
| Iron, wrought, of all sorts | 4,020 | 7,364 |
| Total | 399,458 | 518,930 |
| Steel, unwrought | 14,847 | 15,612 |

Has not the duty of nine dollars per ton on pig-iron been eminently successful as a revenue measure? I think it has; but its most abundant success has been in its power to increase the supply, improve the quality, and lessen the cost of domestic pig-iron. The Commissioner raises no question as to the relative quality of British and American iron, and does not, as I remember, state the quantity of our annual production, except that in one of his hypothetical calculations of the values realized from different departments of industry, to state which he was required to assume some quantity, he places the annual product for 1869 at 1,725,000 tons, or just about 175,000 tons below the ascertained production of that year. That the average quality of American pig, bar, and railroad iron is superior to the average of the same descriptions of English iron is an almost universally-conceded fact; but to blazon this to the world would not serve the interest of the Commissioner's British friends, and he is therefore silent upon this aspect of the question also. He tells us with much elaboration what he has been told has been the cost of production per ton at several points in this country,* and the market price per ton during the year in England and here.

But though his report abounds in hypotheses and calculations based on estimates and suppositions, he nowhere tells or attempts to tell us what we would have been made to pay the British iron master for his inferior pig, bar, sheet, and rails if the American production of pig-iron had not been more than doubled since the establishment of this duty, and if the manufacture of cast-steel and Bessemer rails had not also been established at so many points within our limits. He is not ignorant of the fact that in little more than a year past sixty-five new blast furnaces have been erected, and that they are to employ a portion of the people of fifteen States. Six of them are in New York, one in New Jersey, nineteen in Pennsylvania, one in Maryland, four in Virginia, six in Ohio, five in Indiana, three in Illinois, five in Michigan, two in Wisconsin, six in Missouri, three in Kentucky, one in Georgia, two in Alabama, and one in Tennessee. These furnaces have increased our productive power to nearly two million five hundred thousand tons per annum. Arrangements are also making for the erection of more

*This portion of the Commissioner's report has elicited the following memorial:

*To the Senate and House of Representatives of the United States in Congress assembled:*

In the late report of Hon. David A. Wells, Special Commissioner of the Revenue, the following paragraph appears:

"In the valley of the Cumberland and in the anthracite districts of Pennsylvania, and at Scranton, the Commissioner is informed by those conversant with the business that the average cost of manufacture in the case of furnaces favorably situated, under good management and with coal at ordinary prices, is not in excess of from twenty-four to twenty-six dollars per ton, and in some instances is much less than this figure. These estimates, furthermore, it should be observed, include a liberal interest on the capital invested, which is turned on an average from two to three times per annum."

Your memorialists, representing thirty-seven furnaces in the Lehigh, Schuylkill, and Susquehanna regions, producing annually in the aggregate over 270,000 tons of pig-iron, respectfully express their belief, based upon personal knowledge, that the above statement of the Commissioner will be found upon a critical examination erroneous, and if accepted by Congress a most dangerous guide to legislation. Upon the authority of our personal knowledge we beg leave to state that the average cost per ton at the furnaces we represent, exclusive of any interest on capital and the expenses of moving product from the furnaces, in the year 1868 was $29 16½, and in the first six months of 1869, $29 63; while we believe the cost for the last six months will not materially vary therefrom, these prices being the average cost of the product, embracing the three qualities of iron, namely, Nos. 1, 2, and 3.

We respectfully express the conviction that the foregoing average cost of the product of the furnaces we represent is below the average cost of the product of American furnaces collectively; it being our belief

than fifty other furnaces during the year upon which we have just entered, many of which have been commenced. The estimated product of pig-iron for this year is two million two hundred and twenty-five thousand tons, or about fifty per cent. of the annual average production of Great Britain.

These facts are, I repeat, known to the Commissioner; and he knows also that by a law as inevitable as that of gravitation domestic competition increasing in such a ratio must at an early day bring down the price of iron as it has that of wheat and flour, and of knit and other cotton and woolen goods, to a point beyond danger from foreign competition; and by thus relieving us from dependence on England for the first essential in a great war, will also make us her competitor in the markets of the world in a field her supremacy in which has hitherto made her the commercial mistress of the world.

I will not offer an estimate of what would have been the price of pig-iron had not the necessities of the Government compelled it to impose a duty that was protective and which justified men of enterprise in opening coal mines and ore-beds and erecting furnaces; but to enable gentlemen to judge for themselves, I submit the following. On page 85 of the report I am considering the Commissioner says:

"How great the demand of the future is likely to prove may be inferred from the circumstance that while the *per capita* consumption of Great Britain and Belgium, after allowing for exportation, has reached one hundred and eighty-nine pounds per annum, the present annual consumption of the United States is not in excess of one hundred pounds *per capita*. No nation, furthermore, at the present time, with the exception of Great Britain, is producing pig-iron in sufficient excess of its needs to allow of a surplus for exportation; and in Great Britain the prospect of any future increase is entirely dependent upon the uncertain condition of her being able to supply coal on a scale of consumption that is already in excess of one hundred and four million tons per annum."

On page 3 of his report made January, 1869, Mr. Wells tells us that—

"In France the annual product of pig-iron was in 1866 1,253,100 tons, and in 1867 1,142,800 tons, showing a decline of 110,300 tons.

"In Austria the official returns of the iron trade show a diminution of forty-two per cent. in 1866 as compared with 1860, and of sixty per cent. as compared with 1862."

And in that valuable paper, the report of A. S. Hewett, esq., United States commissioner to the Paris Exposition, we learn that ours is almost the only country in the world that can largely expand its production of iron. Mr. Hewett agrees with Mr. Wells that it is problematical as to whether England can for the present increase her production materially. He thinks she may maintain her present position among other continental producers; but beyond this he does not think she can go, by reason of the depth of her mines and the "intrinsic difficulties of producing the required supply of materials and labor, without an enormous increase of cost."

The iron production of the world for 1866, as stated by Mr. Hewett, was as follows:

| Countries. | Pig-iron. | Wrought iron. |
|---|---|---|
| | *Tons.* | *Tons.* |
| England | 4,530,051 | 3,500,000 |
| France | 1,200,320 | 844,734 |
| Belgium | 500,000 | 400,000 |
| Prussia | 800,000 | 400,000 |
| Austria | 312,000 | 200,000 |
| Sweden | 226,676 | 148,292 |
| Russia | 408,000 | 350,000 |
| Spain | 75,000 | 50,000 |
| Italy | 30,000 | 20,000 |
| Switzerland | 15,000 | 10,000 |
| Zollverein | 250,000 | 200,000 |
| United States | 1,175,900 | 882,000 |
| Total | 9,322,047 | 7,205,026 |

Thus it appears that with a production of less than ten million tons for the world's supply no other country than ours is in a position to make a large and immediate addition to its annual production. The difficulties in the way may be briefly stated thus: Sweden possesses exhaustless supplies of the richest primitive ores, but she has no coal, and her annual production of charcoal-iron is believed to have reached its limit. Her function will henceforth be to mine and export ore. Russia has ample supplies of ore, but so far as exploration has yet discovered is deficient in coal. She can, however, for some time somewhat augment her production of charcoal-iron. Austria, Italy, Spain, and the States of the Zollverein have ore, but little or no coal available for iron-making, and are unable to extend, if they can maintain, their present production of charcoal-iron. France

---

that we represent interests having important economic advantages.

In view of the foregoing statements we respectfully ask as an act of justice to the Commissioner, to the producer of American pig iron, to the public and to its Representatives in Congress, that you will make a special and searching inquiry for the data on which the Commissioner has based his statements, and into the accuracy of our statements as above, that the truth may be made public and error, however strongly indorsed, be effectually confuted.

LEHIGH CRANE IRON COMPANY,
*Catasauqua, Lehigh county, Pennsylvania.*
ALLENTOWN IRON COMPANY,
*Allentown, Lehigh county, Pennsylvania.*
SAUCON IRON COMPANY,
*Hellertown, Lehigh county, Pennsylvania.*
ANDOVER IRON COMPANY,
*Phillipsburg, New Jersey.*
MONTGOMERY IRON COMPANY,
*Montgomery county, Pennsylvania.*
J. B. MOORHEAD & CO.,
*Montgomery county, Pennsylvania.*
ROBERTS IRON COMPANY,
*Allentown, Lehigh county, Pennsylvania.*
REPPLIER, LANIGAN & CO.,
*Montgomery county, Pennsylvania.*
CHESTNUT HILL IRON ORE COMPANY,
*Columbia, Lancaster county, Pennsylvania.*
E. HALDEMAN & CO., *Chickies Station,*
*Lancaster county, Pennsylvania.*
C. B. GRUBB & SON,
*Columbia, Lancaster county, Pennsylvania.*
C. S. KAUFFMAN,
*Columbia, Lancaster county, Pennsylvania.*
ATKINS BROTHERS,
*Pottsville, Montgomery county, Pennsylvania.*
CARBON IRON COMPANY,
*Parryville, Carbon county, Pennsylvania.*
HENRY S. ECKERT, *Reading, Pennsylvania.*
G. DAWSON COLEMAN,
*Lebanon, Pennsylvania.*

has neither coal nor ore sufficient to supply her wants. England furnishes her with one third the coal she now consumes in the manufacture of iron. Little Belgium has both coal and ore, and they are advantageously situated, but the field is so contracted that she cannot increase her production beyond her own wants, and Prussia is a large importer of coal and pig-iron from England. So much for prospective increase of supplies; while, as illustrative of the growing demand, I need only allude to the gigantic systems of railroads building in Russia and India, the latter at immense cost by England, in the hope of impairing our supremacy as producers of cotton.

Had we continued to rely upon England for pig-iron in excess of our capacity to produce it at the time of fixing nine dollars as the duty, and also to draw our supplies of cast-steel and Bessemer rails from her, the extension of our railroad system must have been checked and the *per capita* consumption of iron in this country been much restricted. For nine years before the imposition of that duty our annual production had been less than 800,000 tons, and that of England had not increased at the rate of 100,000 tons per annum. Our demand increases at the rate of from 170,000 to 200,000 tons per annum. Whence but from our own ore beds and coal mines could the supply have been drawn? The production of pig-iron in England and the United States from 1854 to 1862 inclusive was as follows:

| | *England.* | *United States.* |
|---|---|---|
| 1854 | 3,069,838 | 716,674 |
| 1855 | 3,218,154 | 754,178 |
| 1856 | 3,586,377 | 874,428 |
| 1857 | 3,659,447 | 738,157 |
| 1858 | 3,456,064 | 705,094 |
| 1859 | 3,712,904 | 840,427 |
| 1860 | 3,826,752 | 913,774 |
| 1861 | 3,712,390 | 731,564 |
| 1862 | 3,943,469 | 787,662 |

These figures show that the two great iron-producing countries of the world, England and the United States, increased their joint production less than one hundred thousand tons per annum for nine consecutive years, while we alone demand an increase of at least one hundred and seventy thousand tons, and prove the assertion that but for the application of an incentive to the production of iron in this country the expansion of our railroad system and our general material progress must have been impossible. Was there any charm by which an increased supply could be evoked? Was there any means by which the disparity between the wages of English laborers in iron-works and such as were essential to the support of American citizens who might engage in similar employments could be counterbalanced? Yes, Mr. Chairman, there was one, and that was applied. It was such a duty as would give capitalists and men of enterprise a guarantee that if they paid workmen fair American wages for building furnaces, digging and hauling coal, ore, and limestone, and converting them into pig-iron they should not be undersold in our own markets by the productions of underpaid British workmen. Nine dollars per ton it was believed would give them that guarantee, and yet leave our markets so largely open to English competition that we should derive more duty from pig-iron than we had done under lower duties.

I have spoken of the difference between the wages of English and American workmen. Let me show how great it is. The English shilling is twenty-five cents of our money. Commercial men know this; there are, however, many of our people not familiar with the details of commerce and the exchangeable value of money to whom it may be proper to state the fact. Turning again to the report of Mr. Hewett, which I recur to frequently and always with a renewed sense of obligation, I find the rates of wages paid in England in 1866 to have been as follows:

*Wages paid in South Staffordshire, England in* 1866.

| | *Per day.* | | | | | |
|---|---|---|---|---|---|---|
| Common laborers | 2*s.* | 6*d.* | to | 3*s.* | 0*d.* | |
| Puddlers | 7 | 6 | to | 7 | 10 | |
| Puddlers' helpers | 2 | 6 | to | 2 | 11 | |
| Puddle rollers | 9 | 0 | | | - | |
| Heaters | 7 | 0 | | | - | |
| Heater helpers | 3 | 6 | | | - | |
| Finishing rollers | 11 | 0 | | | - | |
| Shinglers | 9 | 0 | to | 15 | 0 | |
| Machinists | 4 | 0 | to | 16 | 0 | |
| Blacksmiths | 4 | 0 | to | 5 | 0 | |
| Masons | 7 | 6 | to | 8 | 6 | |

The average price of skilled and unskilled labor at the iron-works in England does not exceed 4*s* a day.

At the coal and iron works of Creed & Williams, in Belgium, the wages paid in 1866 were as follows:

| | *Per day.* | | | | |
|---|---|---|---|---|---|
| Common laborers | 1*s.* | 2*d.* | to | 3*s.* | 6*d.* |
| Loaders of coal | 2 | 6 | to | 2 | 11 |
| Wood-cutters | 2 | 6 | to | 2 | 11 |
| Wood or tree-setters | 3 | 1 | to | 5 | 0 |
| Miners | 2 | 11 | to | 4 | 2 |
| Exceptional men | 5 | 0 | to | 6 | 0 |
| *At the Blast Furnaces.* | | | | | |
| Fillers | 1 | 1 | to | 2 | 1 |
| Box fillers | 1 | 4 | to | 1 | 8 |
| Common laborers | 1 | 5 | to | 1 | 8 |
| Furnace-keepers | 2 | 1 | to | 2 | 11 |
| *In the Rolling-Mill.* | | | | | |
| Puddlers | 4 | 2 | to | 5 | 0 |
| Helpers | 2 | 3 | to | 3 | 1 |
| Rollers | 4 | 2 | to | 5 | 10 |
| Helpers | 3 | 4 | to | 4 | 2 |
| Shearers | 1 | 10 | to | 2 | 6 |
| Common laborers | 1 | 5 | to | 2 | 1 |

In all other European countries wages are lower than in England.

These figures are worthy of the study of the workingmen of this country, whom Mr. Commissioner Wells is persistently striving to array in hostility against those whose interests, for the present at least, are identical with their own—the men who have embarked their capital in an attempt to make the United States commercially and politically independent of Great Britain, and who, if sustained in good faith, will not only accomplish this, but enable us to meet her in the markets of the world with pig, bar, and sheet-iron, with steel in all its forms, including cutlery, and with iron ships carrying a commerce as extended as her own upon every sea.

Having shown that the experiment of nine dollars per ton has been successful as a revenue measure, now let us see what effect it has had in stimulating production without

diminishing the wages of labor. When it was adopted English iron-masters saw that with our inexhaustible fields and rich varieties of coal and ore we must soon become competitors with them for our home market, and at no distant day a formidable rival in the general markets of this continent. This it was their interest to prevent if possible, and though their increase of production had been less than 100,000 tons per annum for the preceding nine years, they added 500,000 tons the next year, and in 1865 produced nearly 900,000 tons more than they had ever done before. I have shown the production of the two countries from 1854 to 1862. The Morrill tariff, which raised the duty to $6, went into effect in 1861. In 1864 the duty was raised to $9. The results have been as follows:

| | *England.* | *United States.* |
|---|---|---|
| 1863 | 4,510,040 | 947,604 |
| 1864 | 4,767,951 | 1,135,497 |
| 1865 | 4,819,254 | 931,582 |
| 1866 | 4,523,897 | 1,350,943 |
| 1867 | 4,761,028 | 1,461,626 |
| 1868 | - | 1,603,000 |
| 1869 | - | 1,900,000 |

I regret my inability to ascertain the English production for 1868 and 1869; but in view of the average of the five years quoted, and the fact that the production of 1865 exceeds so largely the years that succeeded as well as those that preceded it, it is fair to assume that it has not been in excess of that year in either of those omitted. These figures confirm the impression that England has attained her maximum production; while her increase since 1863 has been scarcely appreciable, ours has increased about one hundred and ten per cent. In view of all these facts I think that it appears again in the matter of pig-iron, as it did in that of cast-steel and Bessemer rails, that a protective duty has not been, as Mr. Wells asserts, a tax on, but a boon to the American consumer.

COAL AND THE BRITISH NORTH AMERICAN COLONIES.

I have said that the report is devoted to the promotion of the interests of England and her North American colonies, and have, I think, shown that if its suggestions were carried into effect it would arrest the rapid increase we are making in the production of iron and steel and remand us to commercial and political dependence on our haughty and faithless rival. I propose now to illustrate Mr. Wells's palpable desire to promote the interests of England's North American colonies—the new dominion, that asylum of our foes in war and base of illicit operations against our revenue system in peace.

The sea-board provinces, whether on the Atlantic or Pacific ocean, are suffering discontent that is rapidly becoming chronic. From 1854 to 1866 the colonists were more than contented, they were proud and joyous; emigrants flowed in and settled among them. They contrasted their condition with ours and plumed themselves upon their superior prosperity. Their clip of wool and crops of cereals increased annually, their fisheries were increasingly profitable, and their coal mines yielded unparalleled profits—in one year one coal company having paid its stockholders the almost fabulous profit of one hundred and seventy-five per cent. They were more than hopeful of the future; they were confident and arrogant. With them the southern confederacy was a foregone conclusion, and with it as an ally and England as their sponsor they saw the near approach of the day when this triple alliance should hold the Yankee States as in a vice and crush or strangle them at pleasure. This was in 1864. Their tone is less joyous now. Indeed, it is sad unto wailing. Listen to one of them, a Nova Scotian, as he pours the story of their wrongs and sufferings through the columns of Lippincott's Magazine for July last:

"But the petition of three hundred thousand good subjects was treated with indifference, and even an inquiry into their grievances was refused. Then it was, in the bitter sorrow and indignation that filled us at that time, that we turned our eyes to the great nation beside us for assistance. But even there no help was to be had. The reciprocity treaty had been abrogated in return for the sympathy and assistance which Canada had given to the South; and the only thing which could support our commerce and encourage our industries under the heavier duties of Canada was thus denied us and continues to be denied us. At the present moment we are in a sad case. The duties and taxes of the Canadian administration bear heavily upon us; our commerce is languishing, our industries are all but paralyzed. The markets which nature intended for us, and which commerce had marked out for her own, are closed to us, and in consequence we fish less, mine less, manufacture less, export less. Our political position is as bad as perplexing. We will not continue in our present union with Canada if we can help it. We have laid our grievances before England. England refers us to Canada; Canada refers us to England. England trusts to our loyalty, Canada to our cupidity or our fear, to keep us in the union. If even we succeed in getting repeal *we cannot stand alone without a treaty with the United States. If that is denied us—and who can doubt it?*—we must even seek our own good in transferring our allegiance."

This is a faithful portraiture of the condition of the British provinces on the Atlantic coast; and that of British Columbia on the Pacific and Puget sound is quite as hopeless. It was once the base of an extended system of smuggling over our borders, but the provincial Government being unable to support itself by internal taxes was compelled to raise revenue by a tariff almost as heavy as our own. This destroyed the profitable business of smuggling across our borders, and brought Victoria, the city which it had been fondly hoped would be the commercial rival of San Francisco, to absolute despair. It is a deserted city. In July last, as my colleagues on the Committee of Ways and Means can attest, more than half the buildings within its limits were tenantless and for rent or sale, and at high noon its streets were as deserted as though pestilence had scourged it.

Let me pause, Mr. Speaker, to ask what has wrought this wondrous change, and why more than one hundred thousand of the people of the provinces during the last year came to dwell among us and share the burdens of our great war debt? These results are the legitimate consequences of wise and patriotic legislation by Congress. Commissioner Wells understands it as well as the rest of us. He knows as well as the Nova Scotian I have just

quoted that the repeal of the reciprocity treaty wrought the ruin of the provinces. That treaty, which was forced upon us by our old southern masters, was designed especially to promote the prosperity of the British North American provinces at the cost of the northern States of the Union. *It was specially designed by the planters of the South as a blow at the prosperity of the farmers and stock-breeders of the northwest.* It went into effect in June, 1854, and expired, or I may properly say was rescinded by Congress, in March, 1866. It was admirably adapted to accomplish its purpose, and the period of its duration was that of the greatest growth of Britain's power along our borders. That gentlemen who represent the grain-growing States may not suspect me of misstating the object of the reciprocity movement, I beg leave to invite their attention to a few words from pages 95 and 96 of that remarkable book called Cotton is King, the politico-economical text-book of the authors of the late rebellion:

"This is the present aspect [1858] of the provision question as it regards slavery extension. Prices are approximating the maximum point beyond which our provisions cannot be fed to slaves unless there is a corresponding increase in the price of cotton. Such a result was not anticipated by southern statesmen when they had succeeded in overthrowing the protective policy, destroying the United States Bank, and establishing the sub-Treasury system.

"And why has this occurred? The mines of California prevented both the free-trade tariff and the sub-Treasury scheme from exhausting the country of the precious metals, extinguishing the circulation of bank notes, *and reducing the prices of agricultural products to the specie value.* At the date of the passage of the Nebraska bill *the multiplication of provisions by their more extended cultivation was the only measure left that could produce a reduction of prices* and meet the wants of the planters. The Canadian reciprocity treaty, since secured, will bring the products of the British North American colonies, *free of duty, into competition with those of the United States* when prices with us rule high, and tend to diminish their cost."

But this treaty has been rescinded. Why refer to it? Does the Commissioner propose to renew it? No, sir; that would be frank, and not in accordance with his practice. He moves stealthily toward his sinister objects. He is a protective free-trader, a free-trade protectionist, a disciple of Henry Clay but an advocate of the free-trade dogmas of John C. Calhoun. He does not propose a renewal of the reciprocity treaty; but asserting that all customs duties are taxes and increase the price of the article on which they are levied, he demands cheap fuel, food, and beer, and proposes to secure these desirable objects by removing all duties from articles the production of the North American provinces. Nor does he do this in terms. Taking the leading staples of the provinces separately he submits specious but false reasons for the removal of all duties from each of them. He would give the people of the provinces the benefits they derived from the reciprocity treaty without stipulating for any of the few benefits it brought his countrymen. To adopt his recommendations in this behalf would be to pay from the Treasury of the United States annually to the colonists from six million to ten million dollars as a consideration for their continued submission to British legislation and colonial policy. They are tending toward the Union. They were alien enemies during the war, but millions of them now desire to be friends and fellow-countrymen, and the way to promote this consummation so devoutly to be wished is to let them know that the avenue to free trade with us is through annexation. This accomplished they would share our prosperity and our responsibilities, and their country would cease to be a base of hostilities as it now is in peace and war.

Let me not be suspected of misrepresenting the position of Mr. Wells. The principal articles the provinces export are lumber, wool, coal, barley, and the other cereals, and from these he would remove all duties though they yielded during the year which ended June 30, 1868, $4,352,770 49 in gold, or about six millions in currency. It is true some of the wool which contributed to this amount came from other countries, and some of the coal from England, but in order to restore prosperity to the trade of the provinces he would admit their staples free, even though other countries might share the advantage.

Though very urgent that the duty should be taken off Canadian barley he makes no specific recommendation as to the removal of duties from the other cereals. He merely speaks of the "extreme emergency" that can "justify a tax on the breadstuffs and food of a nation." His argument in favor of free grain and provisions from the provinces is enforced in this wise:

"Coal is a necessity of life next in importance to food; indeed, as both are in our climate absolutely indispensable, it cannot be said that either is more or less needful than the other, for life cannot be sustained without both. The universally recognized principle of taxation that a tax should be taken from what can be spared forbids the laying of a tax upon that which is indispensable to rich and poor alike."

A free translation of all which is, that as New England has no coal and cannot raise her own supply of grain and provisions, and can get both cheaper from the British colonies than she can from the prairies of the northwest or the coal fields of Pennsylvania, Maryland, Virginia, or North Carolina, it is a crime against nature and the British Government to lay duties on the grain and provisions of the provinces.

Leaving the question of the propriety of retaining duties on grain, live stock, and provisions to the consideration of gentlemen from the West, I propose to examine what the Commissioner has to say on the subject of coal. But before entering more fully upon this subject let me apply to grain and provisions the argument he makes for free provincial coal, associating them with it in his text, that we may see whether it does not apply to them with greater force in proportion as Wisconsin, Iowa, Minnesota, and Kansas are more remote from "the northeastern sea-board" than the coal-fields of Virginia, North Carolina, Maryland, and Pennsylvania:

"If the enhanced price paid by the consumer for his coal," wheat, corn, or provisions, "in consequence of the existence of this duty, were all paid to the Penn-

sylvania miner" or western farmer "it would be, of course, great injustice; but the country would be none the poorer because the law took money from one man and gave it to another. But it happens that while the consumer pays the increase, the immediate producer is not benefited, inasmuch as the whole enhanced price is expended in paying for the transportation of the coal," grain, or provision "to a greater distance; in other words, the payment is for unnecessary transportation, *i. e.*, useless labor. Now, no acquisition of skill can change this. It is fixed by the laws of nature. To the end of time it will cost more; *i. e.*, it will take more labor to bring every ton of coal," grain, or provisions "from western Pennsylvania," Wisconsin, Iowa, Minnesota, Missouri, or Kansas "across the Alleghany mountains" or the lakes "to the northeastern sea-board than to bring it from Nova Scotia. So long as a duty makes it possible to bring coal," grain, or provisions "from the former source, so long that unnecessary work will be done; but the price does not represent a profit, but the cost of useless labor."

Is not this argument conclusive? Does it not prove that her Britannic Majesty's liege subjects of the new Dominion should grow our grain and stock, and grind our flour, as well as mine our coal as long as their freedom from our war debt will enable them to do it more cheaply than we can? If this be not the conclusion to which it leads I hope some gentleman from a grain-growing or cattle raising district will show us why.

Mr. Wells does not like Pennsylvania, and throughout his report ignores the essential facts that Virginia and North Carolina have tide-water coal-fields of better quality and greater extent than those of Nova Scotia, from which New England can be more cheaply supplied than from the provinces; and that Maryland sends more bituminous coal from her mountains to the "northern sea-board" than Pennsylvania does or ever did. In this, however, he is as frank and truthful as in other respects. I do not wonder that he dislikes the people of Pennsylvania. By their persistent energy, as the letter of Thomas Firth & Son shows, they have so increased the supply and reduced the price of cast-steel as to seriously affect the profits of his Sheffield clients; and by the large increase they are making of blast furnaces threaten to enter the markets of the world at an early day against all England with pig-iron. Nor do I forget that it was Pennsylvania Representatives and economists that hastened to bring to the attention of the country the equivocations, duplicity, and falsehoods with which his last annual report abounded.

Speaking of the duty on coal he says "it is urged as a protective measure," and refers to it as a "tax on fuel." This involves but two misstatements of fact, namely, that the duty is urged or levied for protection, and that it is a tax on any American consumer of coal. Neither of these allegations is true. The protectionists of the country do not regard the question of the duty on coal as a politico-economical question, and the New York Tribune advocates its repeal as a means of proving the absurdity of the free trade argument. They do not urge it as a protective, but as a revenue measure, and, in view of the present condition of the provinces, as eminently a political question. As a political question it has great significance, as every provincial exporter of coal knows experimentally that the duty is not paid by the American consumer, but is deducted from the extraordinary profits he would realize if the duty were removed, and which he did realize during the continuance of the reciprocity treaty. As an economical or protective measure it is not worth consideration; as a revenue measure it involves the receipt by the Treasury of less than five hundred thousand dollars gold annually, a comparatively small matter but of some importance; but it is as a political question that it is most worthy of consideration. As Mr. Wells and the free-trade league have industriously promoted a general misapprehension of this subject I propose, as I have said, to devote a few minutes to its elucidation.

I propose to show, first, that as an economical question it is not of sufficient importance to deserve consideration. This can be done by inviting attention to the relation of the total amount of foreign coal imported from all sources to the amount consumed in the northern Atlantic States alone. Were the whole amount involved it would not be sufficient to affect the supply or price, as the grand total imported from all countries on both coasts has exceeded 600,000 tons in but three years, and 500,000 in but three others, and the consumption of coal east of the Alleghany mountains and north of the Potomac will be about 20,000,000 tons this year. What the consumption is on the Pacific, where coal from British Columbia was until within a few years the sole dependence, I have no means of making an accurate estimate. Whatever the amount is it should be deducted from the total in estimating the percentage of supply derived by New England from Nova Scotia and England; the balance, whatever it may be, is assuredly not sufficient to affect either the price or supply.

But the question does not relate to the whole of this balance, but only to so much as would be the amount imported if the duty were off in excess of that brought in under duty. As English coal has always been subject to duty we have no means of ascertaining how much the repeal of the duty might increase importation from that country; but as her scientific men have admonished her of the danger of exhausting her supplies of coal—and even Mr. Wells agrees with recognized authorities in believing that her production has reached its maximum—and as she has more advantageous markets nearer home, the repeal of the duty would not probably affect perceptibly the importation from that quarter.

How much the imposition of the duty on provincial coal has affected the total amount imported we can ascertain, but unfortunately the Treasury reports do not enable us to distinguish between the amount imported on either coast. The Pacific States, as I have said, formerly depended on British Columbia; but since the opening of mines at Mount Diablo, Seattle, and other points within our territory, the quantity of provincial coal imported is said to be diminishing. But assuming that the whole amount received on both coasts came from Nova Scotia

and was consumed in New England, the repeal of the treaty and imposition of the duty cannot have had an appreciable effect on the price or supply in the markets of that section, as will appear from the facts I am about to submit.

The amount of provincial coal imported into the country, on both coasts, has exceeded 400,000 tons in but two years; and the largest amount imported in any one year was 465,194 tons, which was in 1865. With one other exception, that of 1866, when the amount reached 404,254 tons, the total import on both coasts never reached 340,000. It is to be regretted that the proportion of these amounts that went into California and Oregon cannot be ascertained. Could this be done it would make the pretense that the duty on Nova Scotia coal affects either the price or supply of coal in New England so supremely absurd that Mr. Wells himself would abandon it. But the sum in controversy is less than this; it is the difference between the average amount annually imported free under the treaty and the amount which comes to our markets and pays a duty of $1 25 per ton.

The duty, as I have said, came into effect on the expiration of the treaty in March, 1866, so that the year in which the largest amount was imported was that immediately preceding its repeal. I propose to ascertain the amount about which this wide-spread controversy has been raised, by contrasting the average importation for the three last years of free coal under the treaty, including that which so far exceeded all others, with the three years immediately succeeding the repeal of the treaty, during which it paid $1 25 duty. During the last three years in which it was free from duty the average annual importation was 355,490 tons, and during the three succeeding years in which it paid duty the average annual importation has been 326,626, showing an annual difference of but 31,864 tons. Surely no man with less effrontery than Mr. Wells will say that the deduction of 31,864 tons from one of many sources from which a supply ranging at about 20,000,000 tons are derived can have affected either the supply or price of the commodity. But if we assume that one third of the importation of provincial coal is upon the Pacific coast—which I think we may safely do—we will see how utterly inappreciable must be the effect of the maintenance or repeal of the duty on provincial coal.

Thus, Mr. Chairman, it must become apparent that the maintenance of the duty is not, as Mr. Wells asserts, "urged as a protective measure." Surely those who have the machinery to bring 20,000,000 tons to market annually need not shrink from the effect of a cause which increases or diminishes the total amount twenty or thirty thousand tons per annum.

I propose next to show the falsity of Mr. Wells's other proposition, namely, that this duty is a tax on the consumer. Happily, this is susceptible of demonstration. The Pictou coal is of a lower grade, and consequently of less value than the Cumberland coal of Maryland or the tide-water coal of Virginia. Its price is always lower than these in any market. The average price of Nova Scotia coal by cargo at Boston per ton of 2,240 pounds during 1861, the first year of the war, as shown by weekly quotations in the Boston shipping-list and price-current, was $4 67. It was then duty free, and so continued for more than five years. The war did not inflict greenbacks and an inflated currency upon the coal operators of Nova Scotia. It did not create an enormous system of internal taxation to oppress them. Their laborers were not tempted by patriotism or offers of bounty, or taken by draft to the battle-field to bleed and die for their country, as were those of the American operator. Nor did all these causes combine to make an increase of wages necessary to the support of the laborer and his family. No, sir; their wages remained as before, or were reduced by the fact that thousands of able-bodied sympathizers with the rebellion sought safety and employment in the provinces; and British emigration, that but for the war would have come to us, flowed in upon them. Our emigration which for the six years preceding the war had exceeded an average of 140,000, fell off to less than 92,000 in each of the years 1861 and 1862, although the emigration from Liverpool to America was not diminished during these years; while therefore we suffered for the want of labor, it was from these causes for a time redundant in the provinces. All the conditions were such as to enable the provincial operators to produce and sell coal cheaper during the war than they had done before. But was the price in Boston regulated by its cost? No, prices never are; it depended on our necessities, and followed the price of American coal. Thus the average price in 1862, as shown by the authority I have already quoted, was $5 60; in 1863, $7 40; in 1864, $10 40; in 1865, $9 60. In March of the next year the treaty expired, and it became subject to duty, and according to Mr. Wells's theory must have gone up $1 25, or to $10 85 per ton. But in this case his theory is in conflict with the facts, as it is so frequently, for in that year coal sold, duty paid, at $8 54, netting the exporter and foreign carrier but $7 29, and in 1869 it gave them forty-four cents less, having averaged but $8 10; and in 1868 it averaged $8 16, so that in each and every year it bore the same relation to Cumberland coal that it has always borne since the latter was introduced to the New England market about twenty years ago, and sold at about a dollar a ton lower.

These facts, in my judgment, prove two things; one of which is that the Acadian coal operators do not send us coal as a benevolent, but as a commercial operation, out of which they make all they can at the prices current in our market; and the other is, that they can afford to pay the duty and make a living profit by selling us the very limited amount they can mine at the rates current in our markets. In this they obey the law which is now teaching our western producers of grain by a most painful lesson the importance of a home market; that is, that he who has to carry his commodi-

ties to a distant market must pay all the charges thereon, while he whose goods are sought by customers fixes his own prices and makes the purchaser pay all charges.

It thus becomes apparent that the repeal of the duty on coal would not reduce the price of that article in New England one cent. per ton or increase the amount brought to market appreciably; its only effect would be to take from the Treasury an average of from four to five hundred thousand dollars in gold annually and give it to the colonists as a reward for remaining contented subjects of her Britannic majesty; a proposition at which my patriotism revolts, though it be ever so earnestly recommended by Mr. Commissioner Wells.

HOW THE SOUTH SHOULD DIVERSIFY ITS INDUSTRY.

I think I have sufficiently disclosed the devotion of our Special Commissioner of Revenue to the interests of England; but I cannot refrain from inviting the attention of gentlemen from the South to the treacherous suggestions he offers them on the subject of the proper means of diversifying their industry. On this subject he says:

"The large amount of capital thus becoming annually available at the South will undoubtedly seek in great part investment in domestic and local enterprises and speedily lead to the establishment of manufactures on an extensive scale. The true diversity of employment which results from freedom has now, therefore, become to the South for the first time possible; and southern capital can soon be advantageously applied to the manufacture of agricultural tools and implements, leather, wagons, wooden-ware, soap, starch, clothing, and similar articles. These are manufactures in which iron, steel, and cloth are raw materials. They employ the largest amount of labor in proportion to product and capital and warrant the payment of high wages. *On the other hand, what are commonly called manufactures, namely, iron and steel, and cotton and woolen cloth, are examples of concentration. They require large capital, employ but few hands, and would naturally come much later. We already have in the United States an excess of cotton and woolen spindles, and to invest capital in more would be simply a waste when there are vast needs at the South requiring far less capital and warranting much greater compensation for labor than can be paid in textile fabrics.*"

Most of the southern States abound in coal, varieties of iron ore of very high quality, limestone, and water-power. Inaccessible as their interior districts are from the sea-board, freight adds heavily to the cost of iron purchased either from the Atlantic States or England. They need preëminently among the States of the Union an extension of railroads and the establishment of founderies, rolling-mills, locomotive works, and machine-shops. The primary prerequisite to the ample development of the great resources of the southern States is an adequate supply of cheap iron and the means of shaping it for use. They have few skilled laborers, and the manufacture of pig-iron and the rolling of rails require but comparatively few skilled men. The digging and hauling of coal, ore, and limestone require no special preparation. It is work for the unskilled laborer at which freedmen can succeed, and they are therefore in a condition to engage in the production of this article of primary importance, though they may not have the trained artisans for the introduction of simpler branches of mechanics.

The cotton-growing portion of the United States is the proper locality for cotton factories. The South can spin yarn and produce unbleached fabrics at from fifteen to twenty per cent. less than the same work can be done in New England, and cheaper even than it can be done by the underpaid laborers of Great Britain. Will gentlemen from the South consider that what the picking-room is to the English or northern factory the gin-room is to the factory near the cotton-field, and that all charges incurred between the two would be saved by the southern manufacturer? Before cotton reaches either New or Old England it must be pressed and baled and hooped and marked and transported, losing interest and paying freight and commission, at each stage of the transportation; and when it has arrived at the threshold of the distant factory it must be freed from its hoops, stripped of its bagging, and put through the processes of the picking-room to restore it with as little damage as possible to the condition in which it was when it left the gin. From all these charges the manufacturer in the cotton district is free; and together they amount to what would be a profit which in connection with the improvement in quality from the use of the unbroken fiber he would use would enable him to spin yarns for all the northern States and England too.

But this would hurt the English cotton-spinner; this would advance the interests of the United States to the detriment of England, as would the establishment in the midst of the coal and iron fields of Virginia, Tennessee, Arkansas, Alabama, and Georgia of furnaces, founderies, rolling-mills, and steel-works. Fortunately, the people of the South are deeply impressed with the importance of the early introduction of these branches of manufactures; and among the sixty-five furnaces erected during the last year four are in Virginia, six in Missouri, three in Kentucky, one in Georgia, two in Alabama, and one in Tennessee. It is not, therefore, probable that very general heed will be given by the people of the South to the advice offered by Mr. Wells, or that they will abandon the hope of exporting their cotton in yarn and fabrics, the manufacture of which will give employment to and improve the condition of their now unemployed men, women, and children, or will forego the privilege of an adequate supply of good and cheap iron manufactured in their midst, in order to turn their attention to making "wooden-ware, soap, starch, clothing and similar articles." They will not, I apprehend, be willing to forego their greatest source of profit in order to oblige him by permitting England still to retain her supremacy as the cotton-spinner and principal iron manufacturer of the world.

WHAT TAXES SHOULD BE REPEALED.

Mr. Chairman, permit me to reiterate the fact that duties which serve to develop the resources of a country and cheapen commodities, by inducing home competition, the diversification of labor and the opening of new sources of employment, and increase the general stock produced, are not taxes even though

they fail to reduce immediately the price of the commodity on which they are imposed, as adequate duties on cast-steel and Bessemer rails have done. They are during the interim the price paid for establishing the commercial and political independence of the country; or may rather be regarded as a temporary advance to be reimbursed in the near future by producing a sense of national security, a wider field of profitable employment for the people at large, and an adequate and cheaper supply of better goods through the long future. But such is not the case with all duties. There are duties that are taxes and must remain so forever, or into that far future whose possibilities we cannot foresee. Such are duties imposed on commodities which we do not and cannot produce, but which enter into the daily life of the people, either directly as food, or as the raw material of articles we are producing in competition with countries whose laborers receive not a moiety of the wages paid for the same work in this country, and which are necessary for the support of a family whose children are to be educated for future citizenship. We raise no tea or coffee, and the duty of twenty-five cents a pound on tea, which is at the rate of seventy-eight and a half per cent. on the cost of our whole importation for 1868, and of five cents a pound on coffee, or at the rate of forty-seven and a half per cent. on the importation of 1868, are taxes—purely and simply taxes. Yet the Commissioner does not propose to repeal or abate these, and why should he? Neither England nor her North American colonies produce tea or coffee. Not only does he not propose to repeal these taxes now, but in his "schedule of a tariff constructed with a view of obtaining from the smallest number of imported articles an annual revenue of $150,000,000" he retains them both and proposes to raise $22,000,000 a year from them, namely, $12,000,000 from coffee and $10,000,000 from tea. We now impose a duty of fifteen cents a pound on pepper. As we grow no pepper, this is a tax—a tax at the rate of two hundred and ninety-seven per cent. on the entire importation for 1868, and which extracted from the people in that year $792,490 45. The like duty on allspice is a tax. It is at the rate of three hundred and seventy-six and a half per cent., and drew from the people in 1868 $142,981 50. These duties and many scores of such that I could indicate are all taxes, as they stimulate no industry, but tax the food of the laborer; but they do not move the sympathies of the Commissioner. He does not propose to repeal them, for the articles they burden are not produced in England or her North American colonies. They were imposed as revenue measures during a great war, and have been cheerfully endured by a patriotic people, but they increase the cost of living, operate as a burden on our laboring people, and should be repealed at the earliest day the financial condition of the country will permit.

Mr. Chairman, there are other taxes, of some of which the people justly complain—taxes that burden our labor, consume the profits of capital, and paralyze the energy of the most enterprising among us. They add to the cost of our gas and of our travel, whether by railroad, stage, or steamboat. We cannot draw our own money from bank or make a payment to our creditor without feeling them. They touch and prick us at all points. Their enforcement requires the maintenance of a special department of the Government, the agents of which penetrate inquisitorially every home and workshop in the land. They increase the cost of all our productions and restrict the limits of our commerce by shutting our over-taxed goods out of markets in which but for them we might compete with our foreign rivals. They, too, were the product of the war. The necessities in which it involved us gave rise to the system of internal taxes with its Commissioner, assessors, collectors, supervisors, detectives, and thousands of subordinates; and sound policy requires that those duties which, while they protect the wages of the laboring man and develop the resources of the country, supply the Treasury with large amounts of revenue should be retained, and that these direct and inquisitorial taxes which so oppress and annoy us should be removed as rapidly as possible. The repeal of these would animate all our industries; but the repeal of the duties recommended by the Commissioner would flood our country with the products of the underpaid laborers of Europe, silence countless looms and spindles, close our factories, extinguish the fires in our furnaces and rolling-mills, and leave the grain of the husbandmen, for which there is now no market in Europe, to rot in the field or granary, while their countrymen and former customers starve. However ardently Mr. Commissioner Wells may desire this consummation, I trust that Congress, by protecting the wages of the American laborer, will forever avert it.